

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 INT-08 AID-20 CIAE-00 COME-00 EB-11

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R 051400Z NOV 73

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 5751

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E. O. 11652: N/A

TAGS: BEXP, EMIN, ETRD, MA, US

SUBJ: MALAGASY GRAPHITE

1. T. H. HARLEY, PRESIDNT, VESUVIUS CRUCIBLE CO., SWISSVALE, PITTSBURGH, PA., HAS JUST VISITED MADAGASCAR TO INVESTIGATE STATE OF SUPPLY OF MALAGASY GRAPHITE. HE ARRIVED VERY CONCERNED OVER ABILITY AND INTENTIONS OF EXISTING PRIVATE MINING OPERATORS IN RESPECT TO MEETING RISING NEEDS FOR GRAPHITE BECAUSE OF THIER FEAR OF POSSIBLE NATIONALIZATION OF MINES AS RESULT RECENT MALAGASY GOVT POLICY PRONOUNCEMENTS. WE TOLD HIM THAT ON CHECKING WITH MALAGASY DIRECTORATE OF MINES WE WERE TOLD THAT THERE ARE NO PRESENT PLANS FOR GOVT PARTICIPATION IN GRAPHITE MINING FIRMS (OTHER THAN ONE IN WHICH GOVT HAS HAD SHARE FOR SOME TIME). WE SUGGESTED TO HARLEY THAT, IN VIEW FACT GRAPHITE MINING OTHERWISE TOTALLY DOMINATED BY FRENCH INTERESTS, ONE WAY TO HEAD OFF POSSIBLE GOVT PARTICIPATION OR NATIONALIZATION COULD BE BY TAKING IN PRIVATE MALAGASY PARTNERS.

2. AFTER WEEK OF EXPLORING MARKET, HARLEY WOUND UP SUBSTANTIALLY MORE OPTIMISTIC OVER POSSIBILITIES FOR INCREASING SUPPLY. AT LEAST SOME FRENCH FIRMS IN THIS FIELD ARE INCREASING THIER INVESTMENT. MAIN PROBLEMS RELATE TO AVAILABILITY OF ADEQUATE LABOR FOR CERTAIN MINES AND DESIRABILITY DIRECT SHIPPING TO U.S.

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OTHER THAN MORE COSTLY TRANSSHIPMENT VIA SOUTH AFRICA.

3. ON SHIPPING, HARLEY HAD ALREADY BEEN IN TOUCH WITH MOORE-MCCORMACK BEFORE LEAVING U.S., AND LATTER APPEARED READY REESTABLISH DIRECT SHIPPING WITH MADAGASCAR IF COULD BE ASSURED ADEQUATE QUANTITY OF FREIGHT. HARLEY PROPOSES COORDINATE WITH OTHER U.S. USERS OF MALAGASY GRAPHITE ON RETURN TO U.S. TO TRY ASSURE MOORE-MCCORMACK OF PERIODIC CARGOES. IN VIEW UNION CARBIDE INTEREST IN DIRECT PURCHASES MADAGASCAR GRAPHITE (STATE 17\$036#AND TANANARIVE 1247), WE SUGGESTED HE MIGHT WISH CONTACT THAT FIRM ON SHIPPING COORDINATION. (AS REESTABLISHMENT DIRECT MOORE-MCCORMACK SHIPPING SERVICE WOULD ENHANCE OPPORTUNITIES FOR SALE U.S. GOODS, WE ALSO ENCOURAGING LOCAL MOORE-MCCORMACK REPRESENTATIVE TO KEEP IN TOUCH WITH MALAGASY GOVT ON POSSIBLE RICE SHIPMENTS FROM U.S.)

4. HARLEY ALSO PLANS URGE AMERICAN IMPORTERS AVOID KIND OF APPROACH TO GOMR (E.G., COMPLAINTS ABOUT INADEQUATE GRAPHITE SUPPLIES) WHICH MIGHT IMPEL GOVT RECOURSE TO FURTHER PARTICIPATION OR NATIONALIZATION OF THIS INDUSTRY.

5. DEPT MAY WISH DRAW ON ABOVE, TO EXTENT APPROPRIATE, FOR FURTHER TALK WITH UNION CARBIDE.
MENDENHALL

NOTE BY OCT: TANANARIVE 1513 # AS RECEIVED.
WILL BE SERVICED ON REQUEST.

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